

Financial Review of the Global Oil and Natural Gas Industry: First-Quarter 2020



Markets and Financial Analysis Team

July 2020

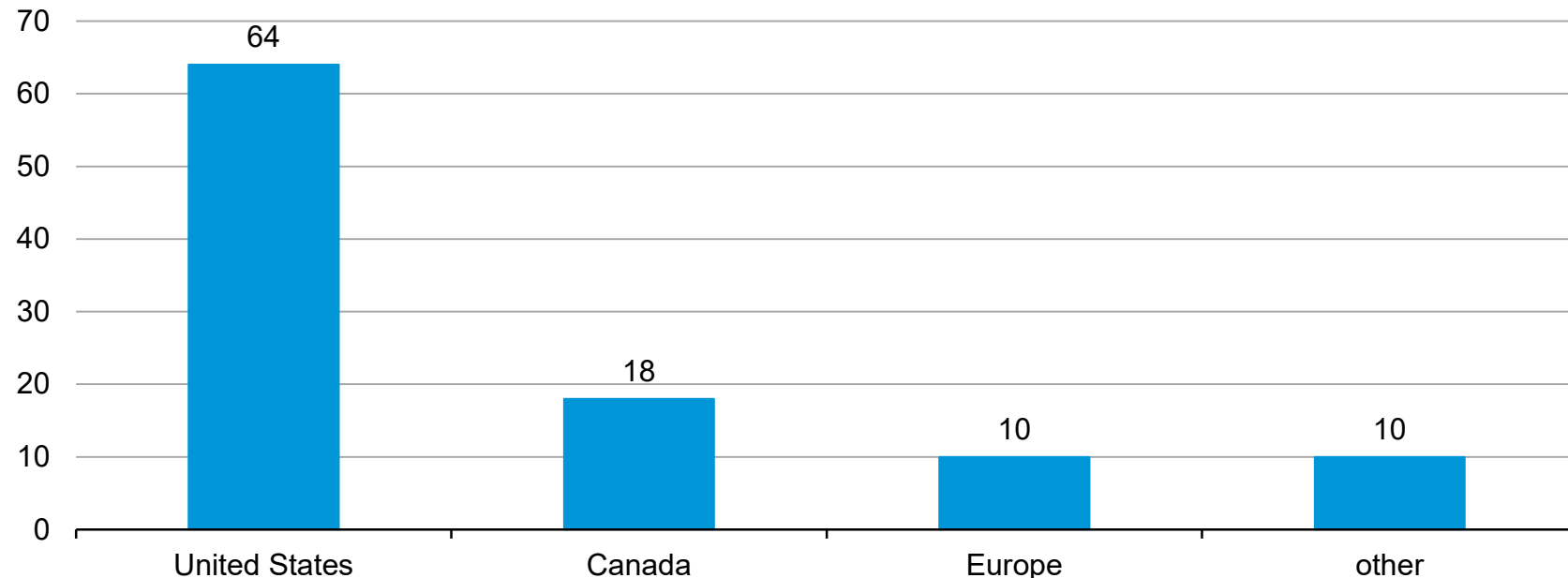
Key findings for first-quarter 2020

- Brent crude oil daily average prices were 20% lower in first-quarter 2020 than in first-quarter 2019 and averaged \$51 per barrel.
- The 102 companies in this study increased their combined liquids production 3.7% in first-quarter 2020 from first-quarter 2019, and their natural gas production decreased 0.1% during the same period.
- Companies increased short-term and long-term borrowing in the first quarter, increasing debt by \$55 billion in the quarter.
- The companies wrote down \$92 billion worth of assets during the quarter, the most since the fourth quarter of 2015.

Note: The 102 companies analyzed in this study publish publicly available financial statements. A full list of the companies included and a glossary of terms begin on slide 20.

Geographic distribution of global oil and natural gas company headquarters, first-quarter 2020

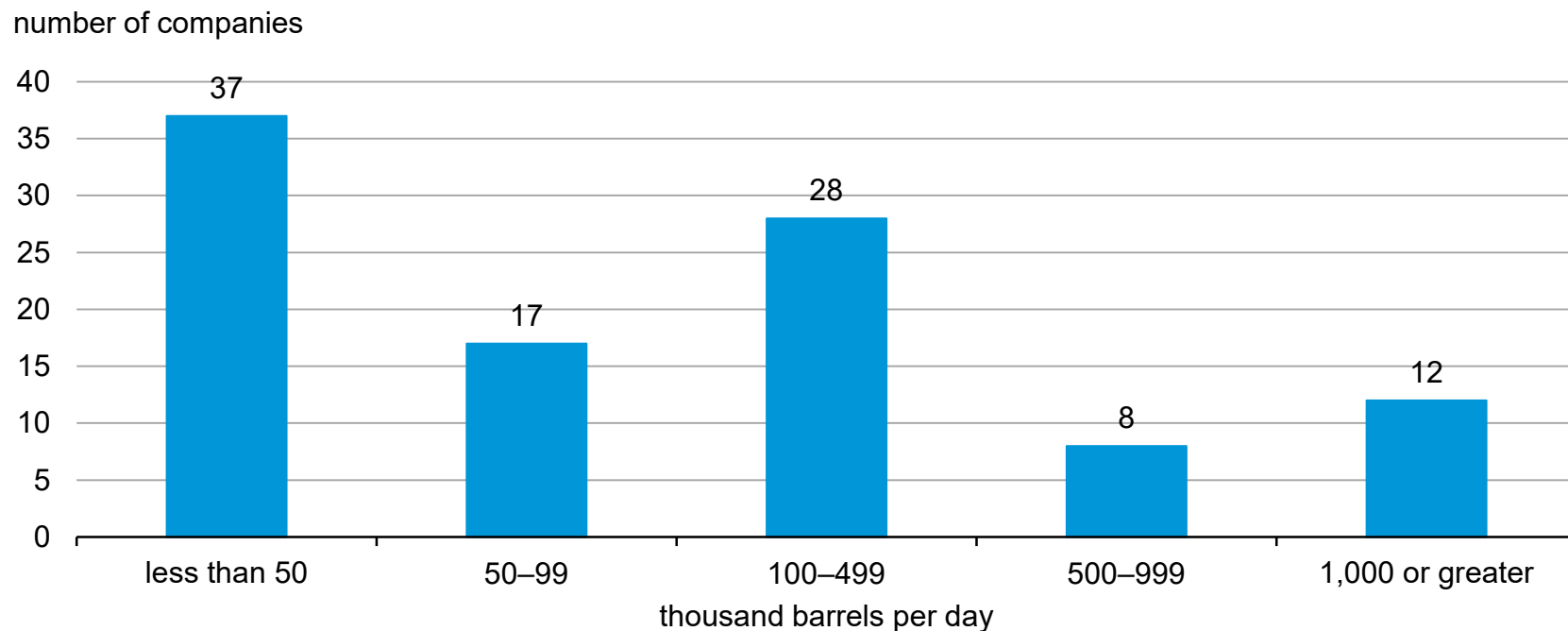
number of companies



Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements

Note: *Other* includes Argentina, Brazil, Chile, China, Colombia, and Russia.

Distribution of global energy companies by production of petroleum liquids, first-quarter 2020

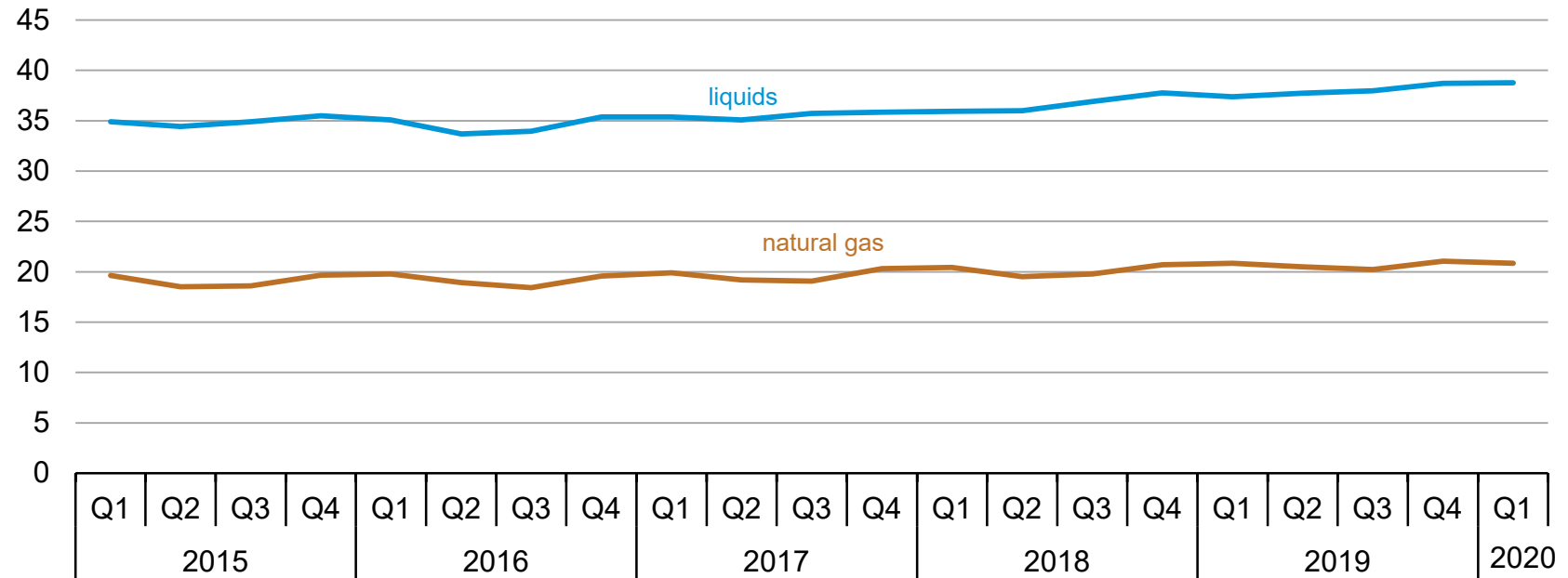


Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements

Liquids and natural gas production was 39 million barrels per day and 21 million barrels of oil equivalent per day, respectively, in first-quarter 2020

liquids and natural gas production

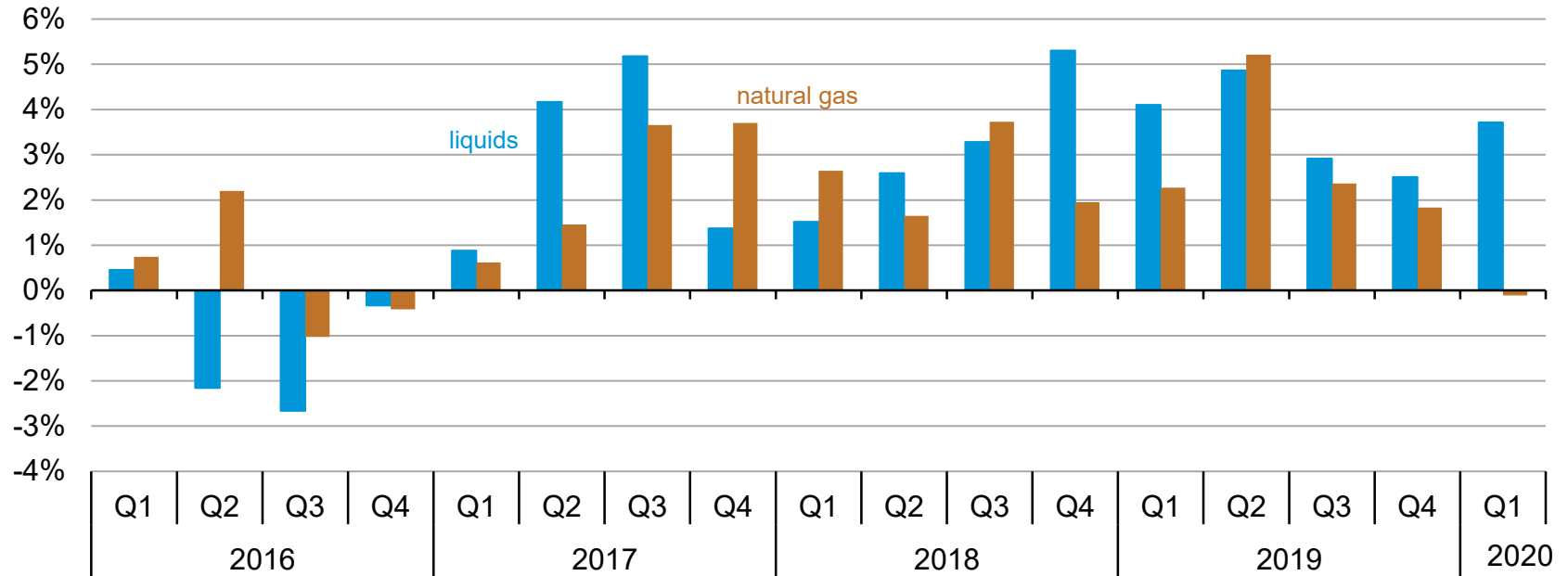
million barrels of oil equivalent per day



Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements

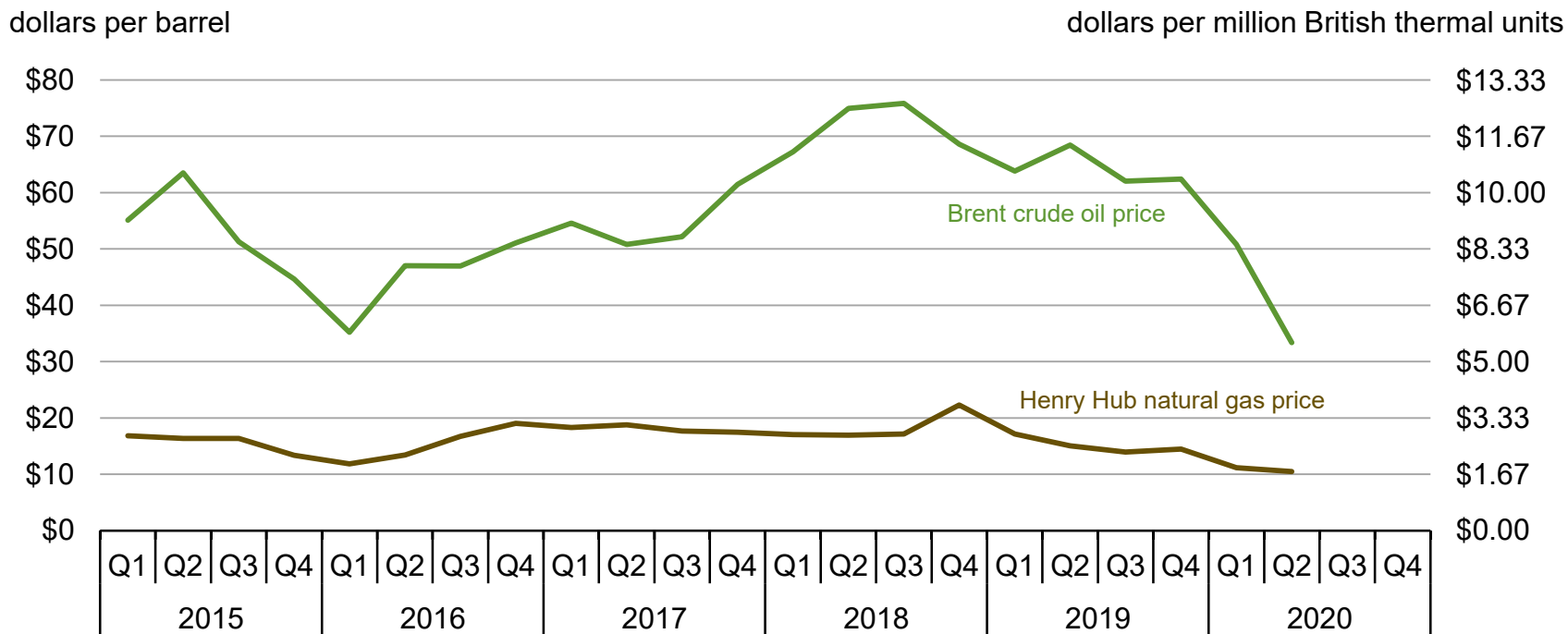
In first-quarter 2020, global liquids production increased 3.7% year-over-year and natural gas production decreased 0.1%

liquids and natural gas production
year-over-year change



Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements

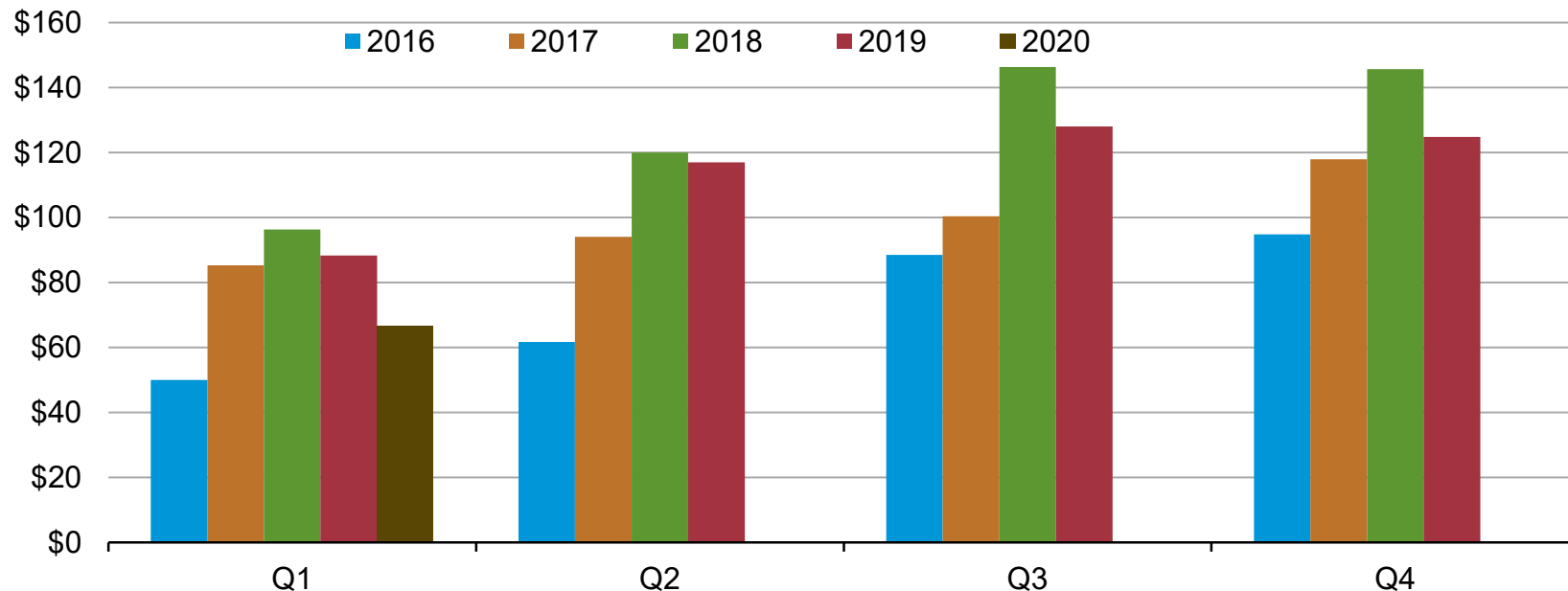
First-quarter 2020 crude oil prices were 20% lower than in first-quarter 2019, and natural gas prices decreased 35% during the same period



Source: Bloomberg

Cash from operations in first-quarter 2020 was \$67 billion, 25% lower than in first-quarter 2019

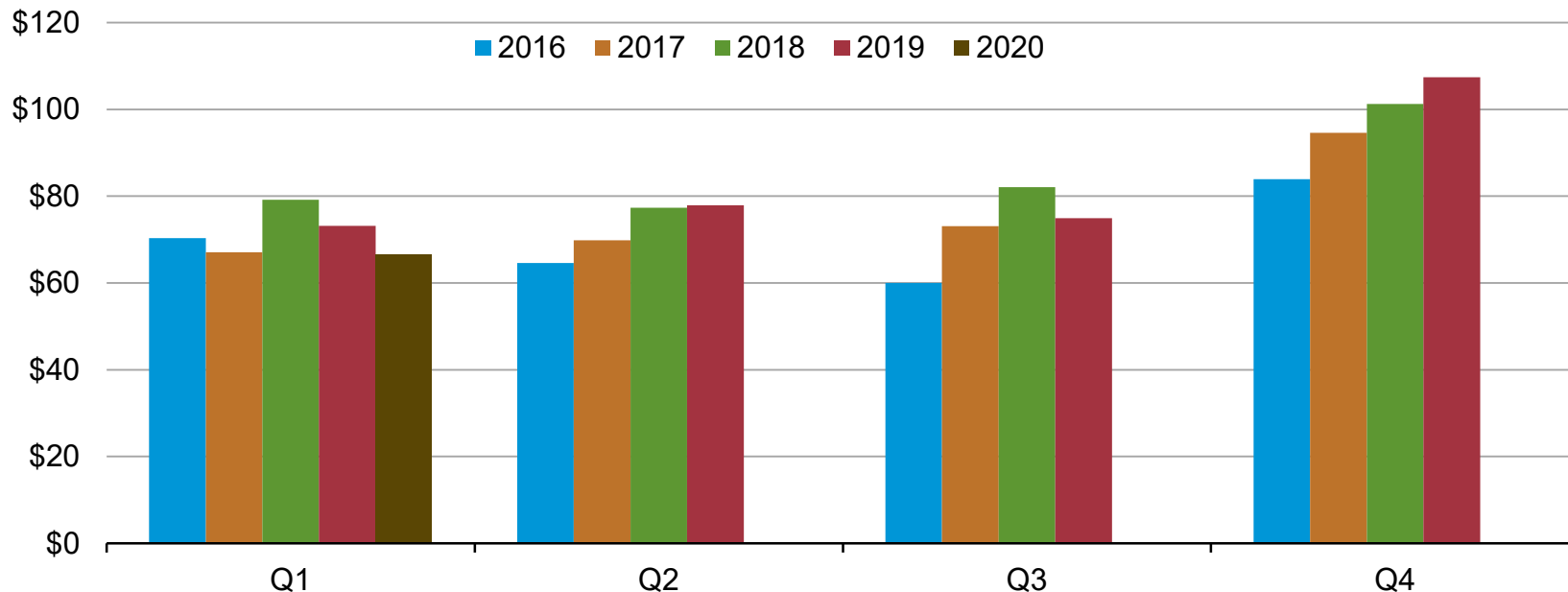
cash from operations
billion dollars



Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements

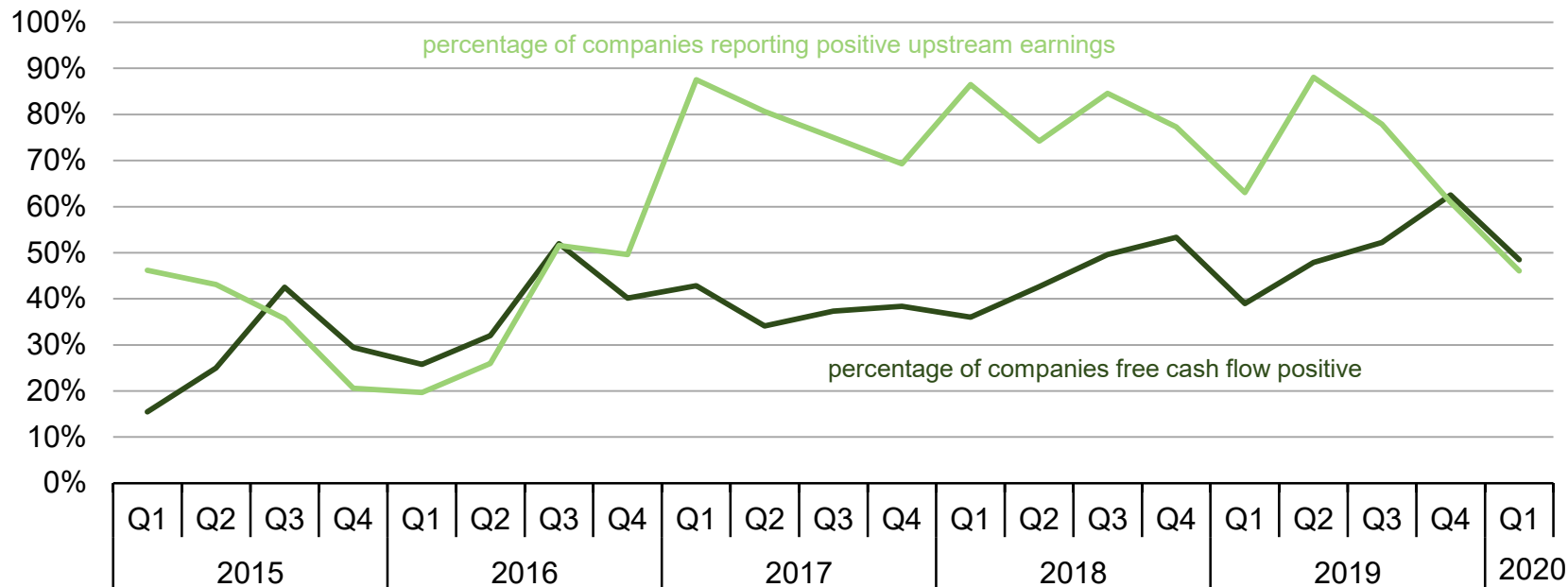
Capital expenditure in first-quarter 2020 was \$67 billion, 9% lower than in first-quarter 2019

capital expenditure
billion dollars



Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements

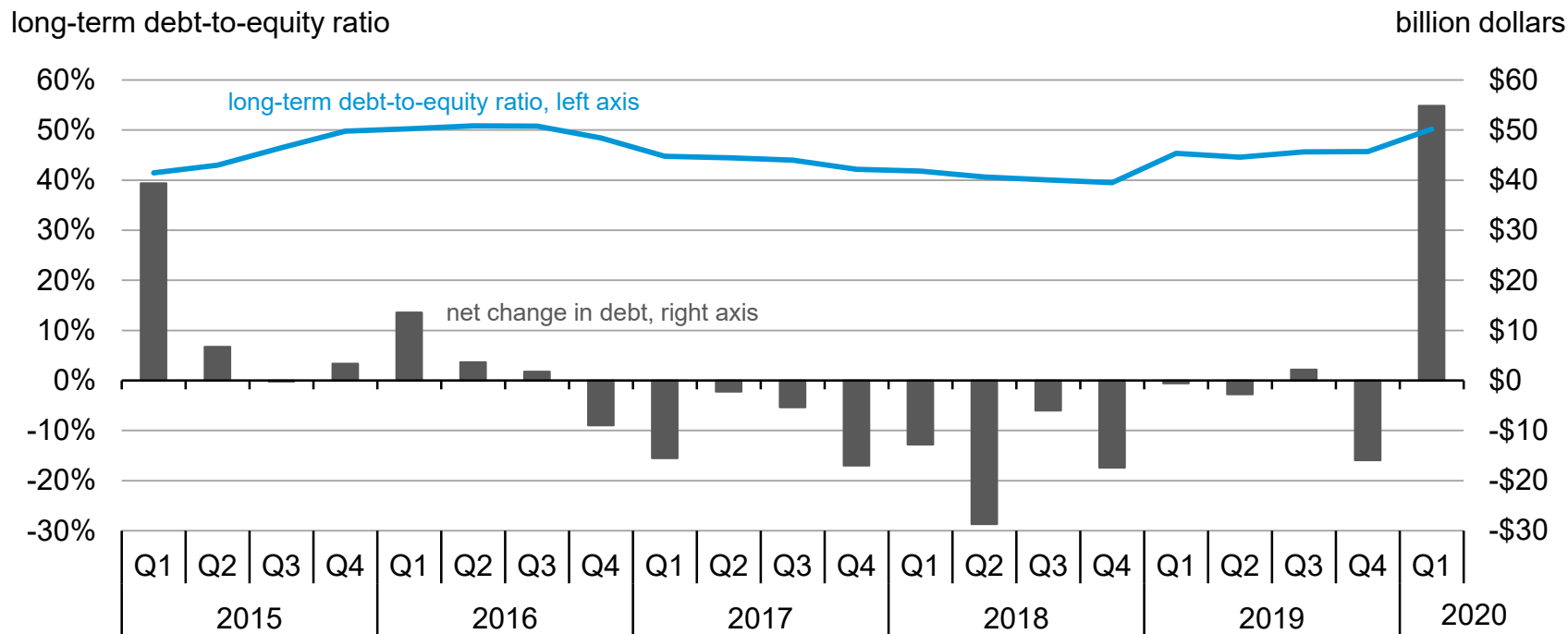
Nearly 50% of companies had positive free cash flow, and 46% of companies reported positive upstream earnings in first-quarter 2020



Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements

Note: free cash flow=cash from operations minus capital expenditures

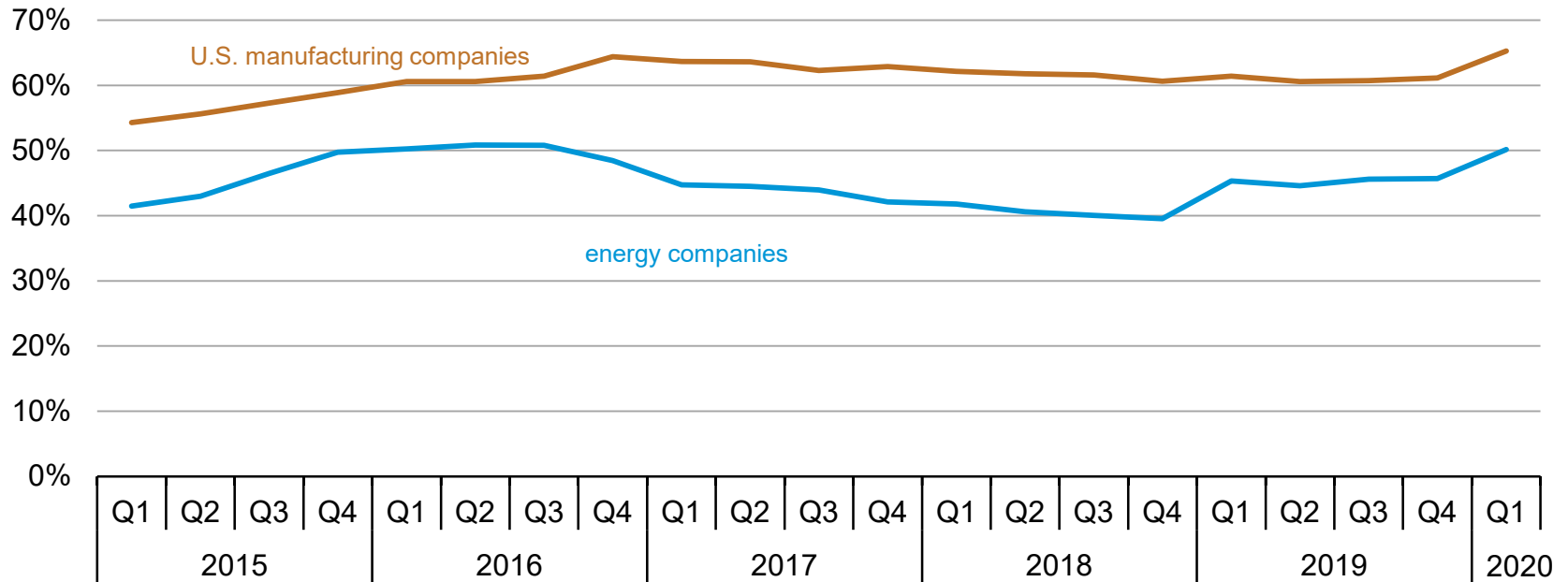
The companies increased debt by \$55 billion in first-quarter 2020, the most for any quarter in the 2015–20 period



Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements

The long-term debt-to-equity ratio for energy companies was 50% as of first-quarter 2020 and was 65% for U.S. manufacturing companies

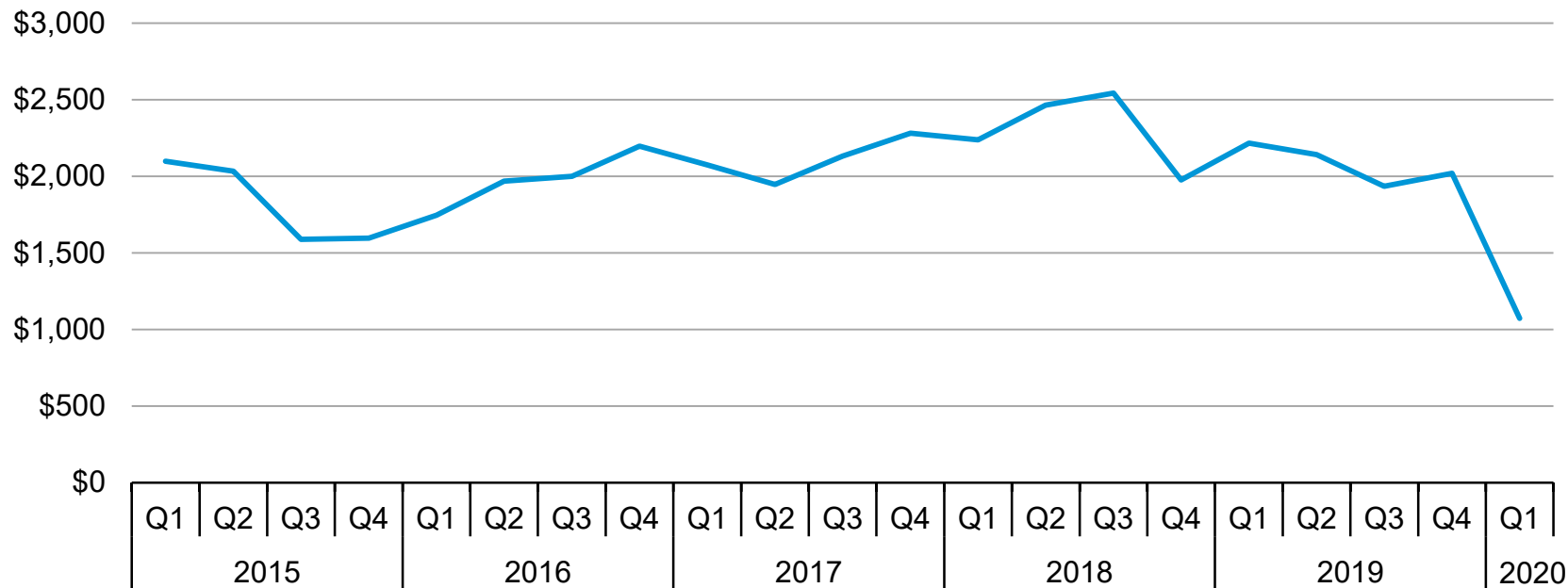
long-term debt-to-equity ratio



Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements and U.S. Census Bureau

The energy companies' combined market capitalization in first-quarter 2020 decreased by more than \$1 trillion year-over-year

combined market capitalization
billion dollars

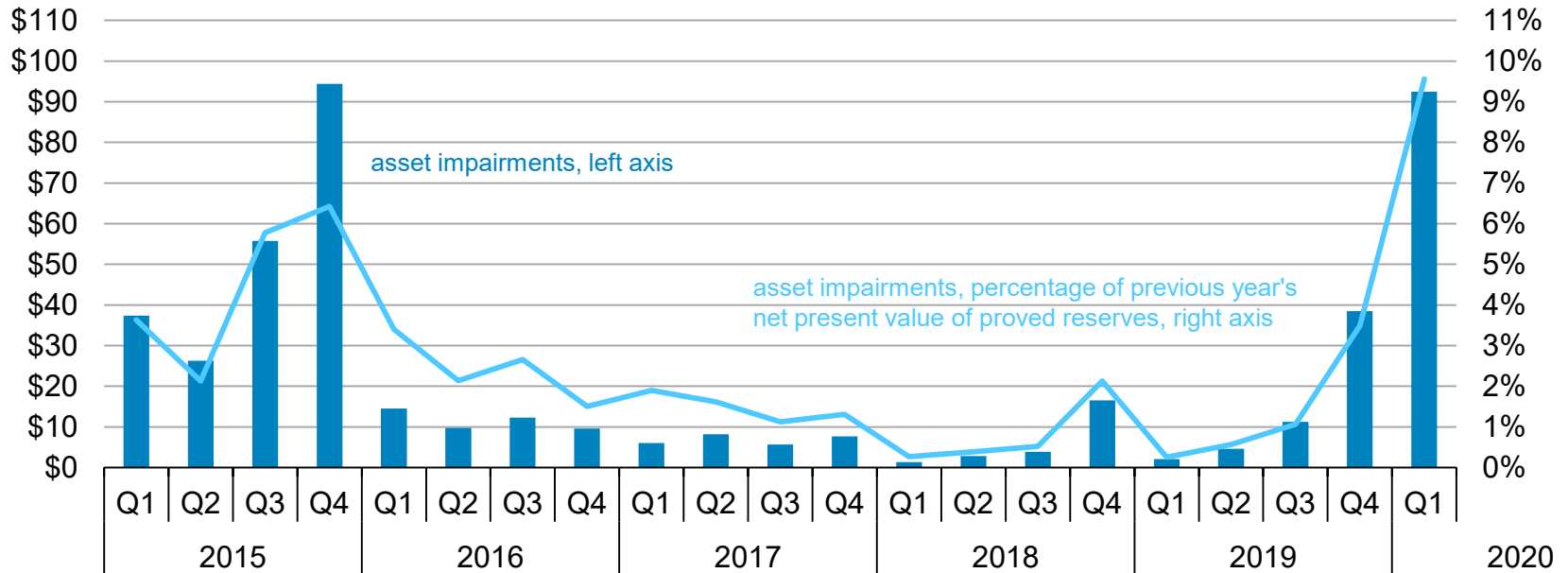


Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements

The \$92 billion in asset impairments were nearly 10% of the companies' net present value of their proved reserves

asset impairments
billion dollars

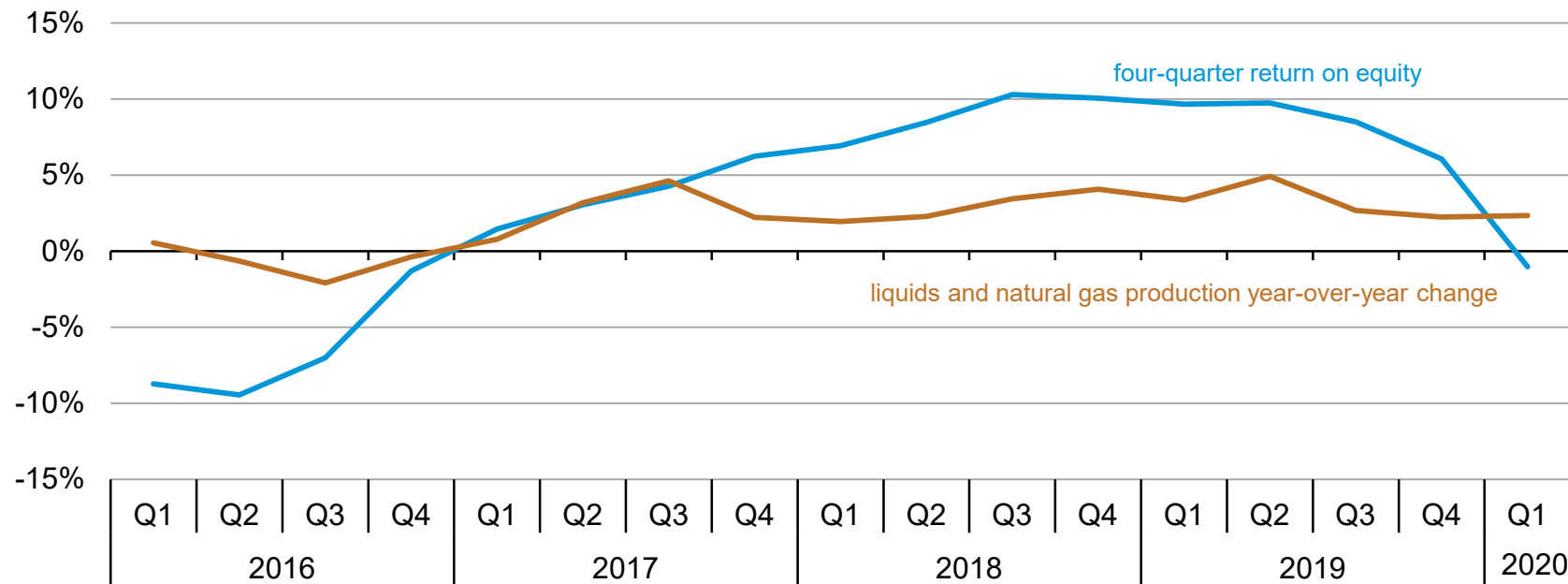
asset impairments, percentage of previous year's net
present value of proved reserves



Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements

The energy companies' return on equity fell to -1% in first-quarter 2020

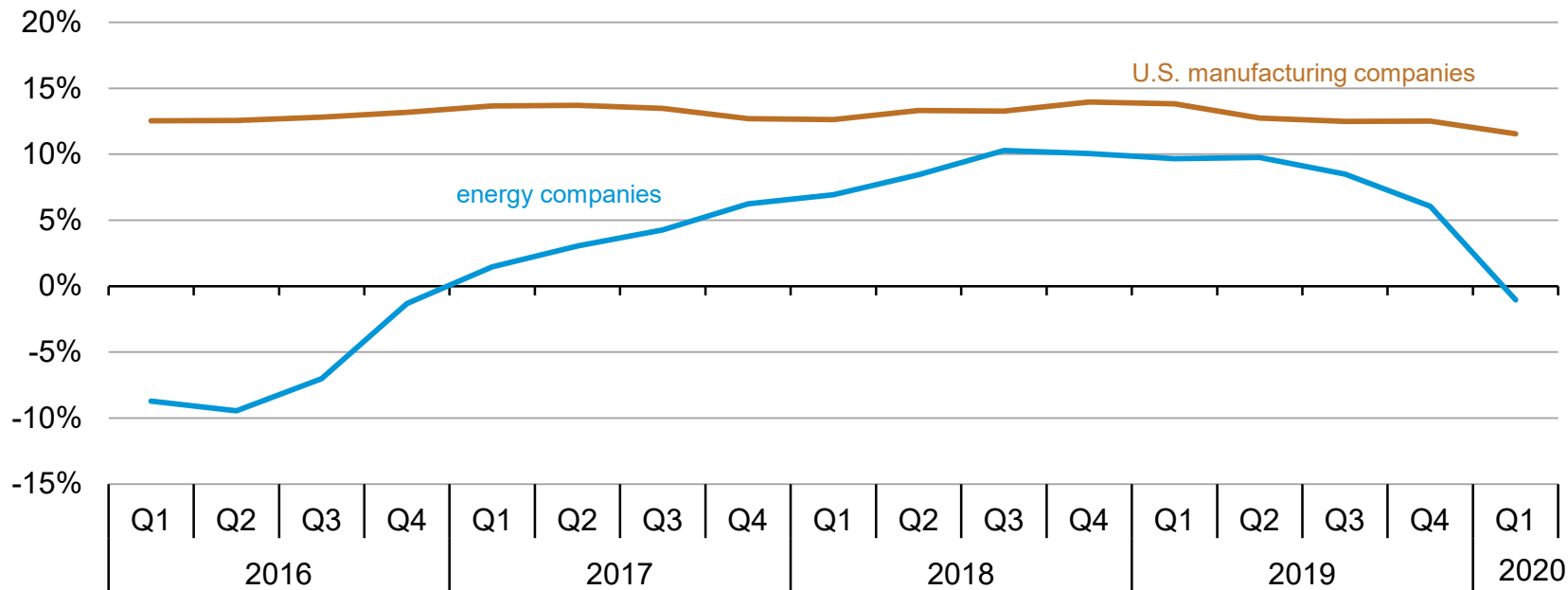
return on equity and production



Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements

The return on equity for energy companies remained lower than U.S. manufacturing company returns

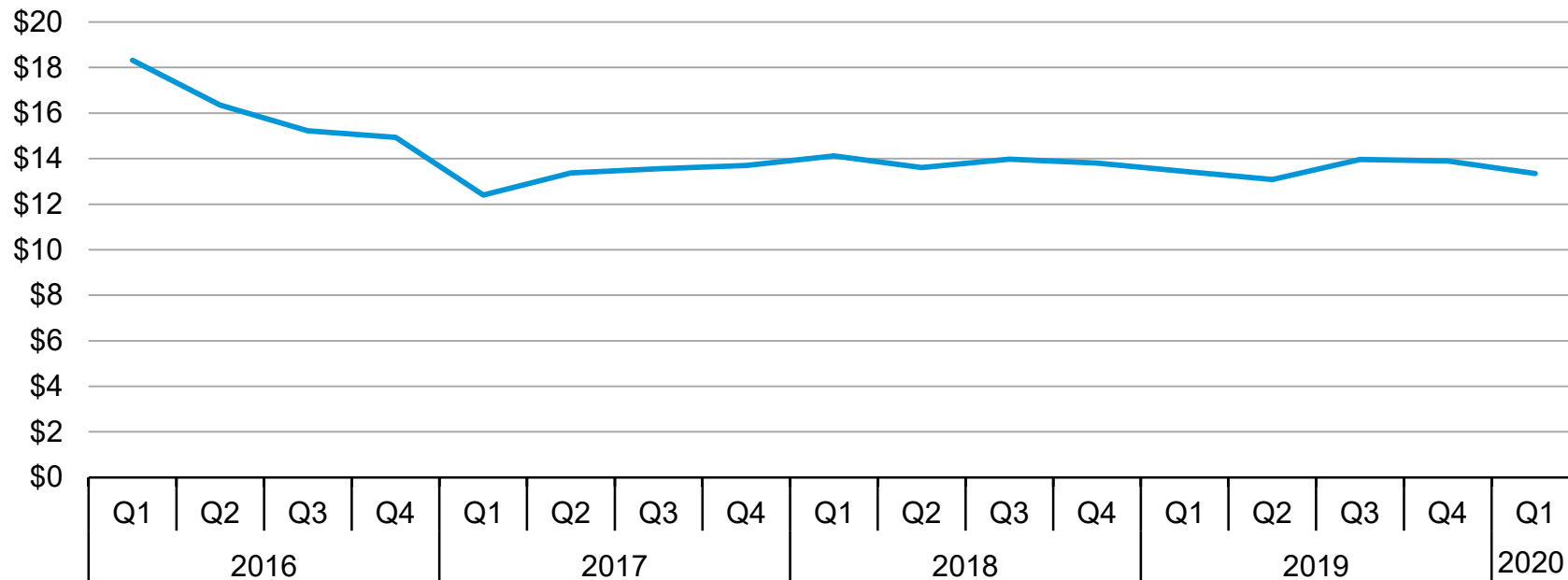
four-quarter return on equity



Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements and U.S. Census Bureau

Upstream capital expenditures on a per-barrel basis have averaged about \$13.50 per barrel of oil equivalent since 2017

upstream capital expenditure/BOE produced
dollars per BOE, four-quarter moving average

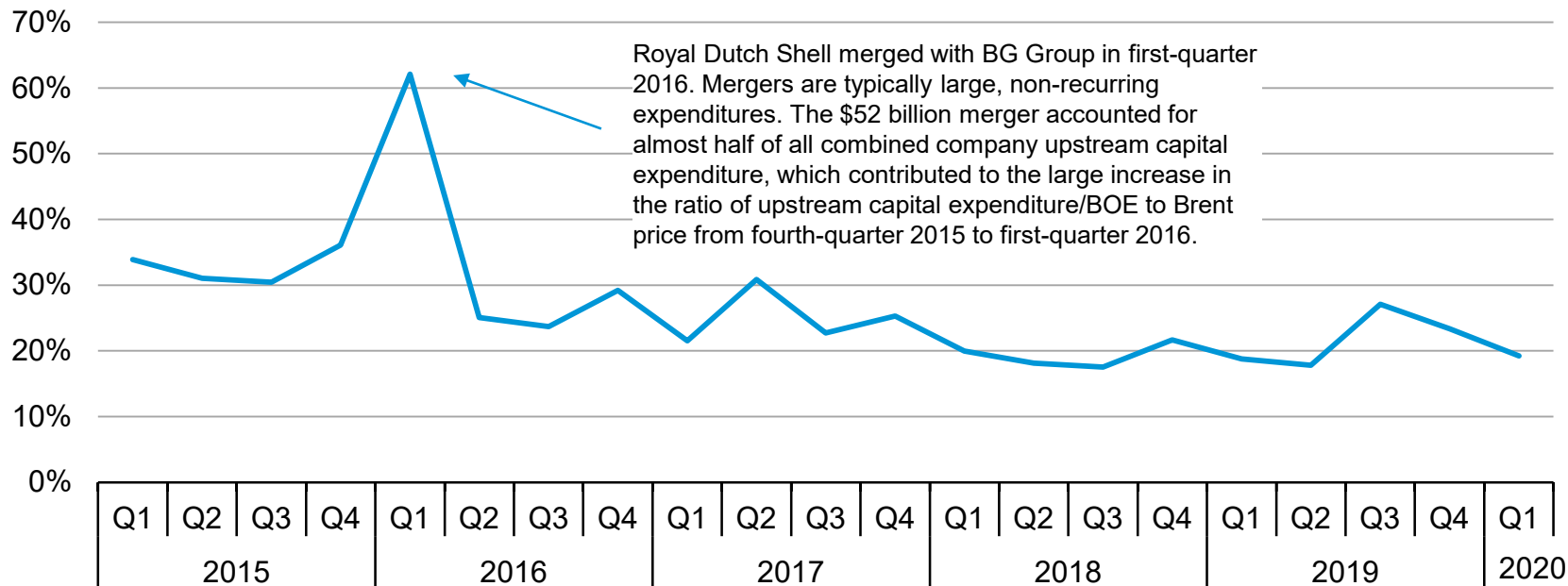


Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements

Note: BOE=barrel of oil equivalent

Upstream capital expenditures per barrel of oil equivalent were 19% of crude oil prices in first-quarter 2020

ratio of upstream capital expenditure/BOE to Brent price

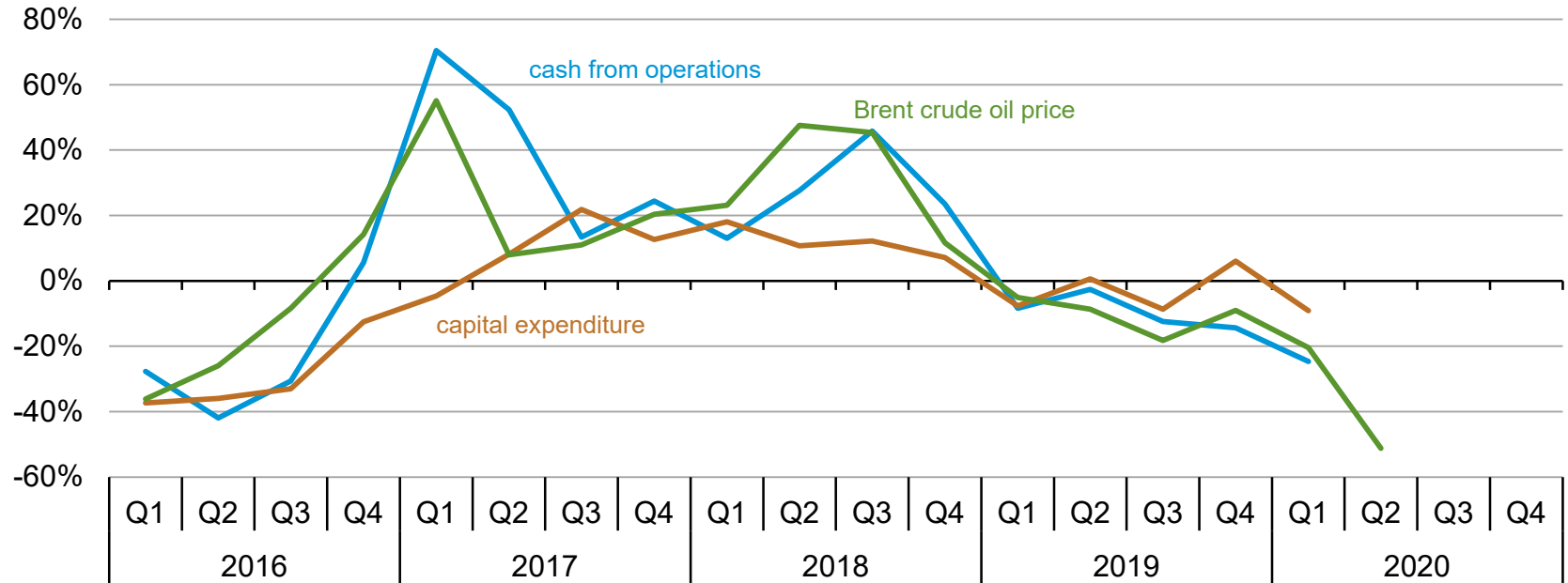


Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements

Note: BOE=barrel of oil equivalent

Crude oil price declines in the second quarter of 2020 indicate further declines in cash from operations and capital expenditures

cash flow items and Brent prices
year-over-year change



Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements and Bloomberg

Appendix: List of companies

| | | | | | | |
|-------------------------------------|---------------------------------------|----------------------------------|-------------------------------------|-----------------------------------|-------------------------------|--------------------------------|
| Abraxas Petroleum Corporation | Carrizo Oil & Gas, Inc. | Energy XXI Gulf Coast, Inc. | Husky Energy Inc. | Northern Oil & Gas, Inc. | Ring Energy Inc | Total |
| Aker BP ASA | Cenovus Energy Inc. | Enerplus Corporation | International Petroleum Corporation | Oasis Petroleum Inc. | Roan Resources Inc. | TransAtlantic Petroleum Ltd. |
| Amplify Energy Corp. | Centennial Resource Development, Inc. | ENI | Jagged Peak Energy Inc. | Obsidian Energy Ltd. | Rosehill Resources Inc. | TransGlobe Energy Corporation |
| Anadarko Petroleum Corp. | Chesapeake Energy Corp. | EOG Resources | Jones Energy, Inc. | Occidental Petroleum Corporation | Rosetta Resources Inc. | Triangle Petroleum Corporation |
| Antero Resources Corporation | Chevron Corporation | EP Energy Corporation | Kosmos Energy Ltd | OMV Group | Rosneft | Unit Corp |
| Apache Corporation | Cimarex Energy Co. | Equinor ASA | Laredo Petroleum Inc. | Panhandle Oil & Gas Inc. | Royal Dutch Shell | Vaalco Energy Inc |
| Approach Resources Inc | Clayton Williams Energy, Inc. | Erin Energy Corporation | Legacy Reserves Inc. | Paramount Resources Ltd. | Royale Energy Inc. | Grizzly Energy LLC |
| Bankers Petroleum Ltd | Concho Resources Inc | Extraction Oil & Gas, Inc. | Lilis Energy Inc. | Parex Resources Inc. | RSP Permian Inc | Vermilion Energy Inc. |
| Baytex Energy Corp. | ConocoPhillips | ExxonMobil | Linn Energy | Parsley Energy Inc. | Sabine Oil & Gas Corporation | W & T Offshore |
| Berry Corporation | Contango Oil and Gas Company | FieldPoint Petroleum Corporation | Lonestar Resources US, Inc. | PDC Energy, Inc. | Mesquite Energy, Inc. | Whitecap Resources Inc. |
| BG Group | Continental Resources, Inc. | Frontera Energy Corporation | Lukoil PJSC | PEDEVCO Corp. | SandRidge Energy, Inc. | Whiting Petroleum Corporation |
| Black Stone Minerals LP | Crescent Point Energy Corp | Galp Energia | Lundin Petroleum AB | Pengrowth Energy Corporation | Seven Generations Energy Ltd. | Brazos Valley Longhorn, L.L.C. |
| Blue Ridge Mountain Resources, Inc. | Denbury Resources Inc. | Gastar Exploration Inc. | Magnolia Oil & Gas Corporation | Penn Virginia Corporation | Sherritt International Corp | WPX Energy, Inc. |
| Bonanza Creek Energy Inc | Devon Energy Corporation | Gazprom Neft PJSC | Marathon Oil Corp. | Petrobras (IFRS US\$ Current) | Sinopec | YPF Sociedad Anonima |
| BP Plc. | Diamondback Energy Inc. | GeoPark Limited | Matador Resources Company | PetroChina | SM Energy Company | Yuma Energy, Inc. |
| BPZ Resources Inc | Earthstone Energy Inc. | Gran Tierra Energy Inc. | Maverick Natural Resources, LLC | PetroQuest Energy, Inc | SRC Energy Inc | Yuma Energy, Inc. (Pre Davis) |
| Cabot Oil & Gas Corporation | Montage Resources Corporation | Battalion Oil Corporation | Mid-Con Energy Partners, LP | Pioneer Natural Resources Company | Stone Energy Corporation | |
| California Resources Corporation | Ecopetrol | Harvest Natural Resources Inc. | Midstates Petroleum Company, Inc. | QEP Resources Inc | Suncor Energy Inc. | |
| Callon Petroleum | Ovintiv Inc. | Hess Corporation | Murphy Oil Corporation | Range Resources Corporation | T-Rex Oil, Inc. | |
| Camber Energy, Inc. | Endeavour International Corporation | HighPoint Resources Corporation | Newfield Exploration Company | Repsol | Talos Energy Inc. | |
| Canadian Natural Resources Limited | Enogen Corp | Houston American Energy Corp | Noble Energy | Resolute Energy Corporation | Tatneft | |

Source: U.S. Energy Information Administration, Evaluate Energy

Note: Some companies merged, split, or de-listed before 2020. A total of 102 companies existed in first-quarter 2020.

Background

- This analysis focuses on the financial and operating trends of 102 global oil and natural gas companies (called the *energy companies*).
- The data come from the public financial statements each company publishes, which a data service (Evaluate Energy) aggregates for ease of data analysis.
- An energy company's assets that were acquired by another company in the group after first-quarter 2015 were kept in the data for previous quarters.
- Several charts show comparisons between energy companies and the U.S. manufacturing industry. The data were collected from the U.S. Census Bureau's *Quarterly Financial Report*.

Brief description of terms

- *Cash from operations* is a measure of income from the company's regular business activities.
- *Capital expenditure* represents cash used to purchase property, plant, and equipment.
- *Financing activities* measure inflows and outflows in debt or equity markets, including dividends, share issuances or repurchases, and debt issuances or repayments.
- *Return on equity* is a measure of the profit a company earns on money that shareholders have invested.
- *Market capitalization* is the total value of all of a company's outstanding, publicly traded shares.

Brief description of terms

- *Net income* represents profits after taxes and depreciation.
- *Asset impairments* occur when a company lowers the estimated value of a property to reflect current market value, which may result from the loss of production potential or a decline in oil prices.
- *Upstream activities* refers to crude oil exploration, production, and other operations before refining.
- *Downstream activities* refers to refinery operations, product sales, and marketing at the wholesale and retail levels.